

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State: Rhode Island

Citation

Condition or Requirement

\$1906 of the Act

State Method on Cost-Effectiveness of
Employer-based Group Health Plans

1. POLICY INFORMATION; Obtain information on the group health plan available to the recipient. This information must include the effective date of the policy, exclusions to enrollment, the covered services under the policy and premiums paid by the employee.
2. COVERAGE FOR MEDICAID COSTS: The Medical Assistance Program has established total annual Medicaid costs of persons like the recipient (age, category of assistance), based on available data.
3. COST-EFFECTIVENESS REVIEW: The Medical Assistance Program reviews the policy to determine the amount saved by the specific policy provisions compared to the average cost for the type of recipient as determined in 2., above. Only the costs of services included in Attachment 3.1-A or 3.1-B as appropriate which are covered by the insurance policy are included. The total amount that the Medical Assistance Program will save under the policy's provisions is compared against the sum of the following:
 - a. the premium cost, including the cost of premiums for those ineligible for Medical Assistance who must be included for the policy to be in effect; and
 - b. the cost to Medical Assistance of payments for co-insurance, cost sharing and deductible factors for Medical Assistance eligibles, if any are imposed under the policy; and
 - c. administrative costs estimated to be \$135 per determination.

If the projected amount that would be paid by the Medical Assistance Program absent the existence of the policy is greater than the sum of costs a., b., and c., above, the policy is determined to be cost effective.

TN No. 92-07 Approval Date SEP 24 1992 Effective Date 07/01/92
Supersedes
TN No. NEW